

## Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ISO-00 EB-11 COME-00 INT-08

SCEM-02 SCI-06 CIEP-02 TRSE-00 OMB-01 PM-07 NSC-10

SPC-03 SS-20 RSC-01 CIAE-00 INR-10 NSAE-00 L-03 DRC-01

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P R 290401Z NOV 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC PRIORITY 1492

INFO AMEMBASSY NEW DELHI

AMEMBASSY SINGAPORE

AMEMBASSY RANGOON

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL CALCUTTA

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E.O. 11652: N/A

TAGS: ENRG, BG

SUBJECT: PETROLEUM EXPLORATION: CONTINUED FLUX

REF: A. STATE 230128 B. DACCA 4945

SUMMARY: LAST REPORT ON OIL EXPLORATION MUST NOW BE REVISED. NEW PROPOSALS CONTINUE TO BE ACCEPTED FOR CONSIDERATION. SELECTION OF LAST-ROUND CANDIDATES WILL BE DONE BY CABINET SUB-COMMITTEE AND PRIME MINISTER. BUT NOT UNTIL A) PETROLEUM LAW ISSUED, B) IN CONFORMITY WITH IT, MODEL CONTRACT FINALIZED AND DISTRIBUTED, AND C) PENDING PROPOSALS REVISED TO COMPLY WITH MODEL CONTRACT. FURTHER SLIPPAGE IN BDG DECISION-MAKING PROCESS NOT UNIQUE HERE. US APPLICANT COMPANIES WILL HAVE TO CONTINUE TO BE PATIENT AND FOREBEARING.

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1. REF. A RELAYED FROM CARLSBERG PETROLEUM REQUEST FOR

STATUS REPORT BDG CONSIDERATION OIL EXPLORATION PROPOSALS, IN LIGHT EVOLUTION OF SITUATION REPORTED REF.B. REGRET DELAY IN REPLY, ATTRIBUTABLE TO TEMPORARY ABSENCE FROM DACCA HEDAYET AHMED, ADDITIONAL SECRETARY/MINISTRY NATURAL RESOURCES.

2. IN DISCUSSION WITH AHMED NOV. 27, HE DISCLOSED SITUATION NOW IN EVEN GREATER FLUX THAN LAST REPORTED. WHEREAS IN PAST HE WILLING TO SPECIFY DATES BY WHICH TIME FINAL NEGOTIATIONS MIGHT BEGIN, NOW HE RELUCTANT TO SET ANY PRECISE TIME FRAME. WITHDREW PREVIOUS ASSURANCE THAT BDG REFUSING TGNCONSIDER NEW PROPOSALS. SAID INSTEAD PROPOSALS WERE STILL COMING IN. HE MENTIONED A RATE OF TWO OR THREE A WEEK DURING RECENT PAST. DENIED REPORT EMBASSY HAD PICKED UP FROM JAPANESE THAT PROPOSALS NOW NUMBERED 50; INDICATED INSTEAD THEY WERE "AROUND 40".

3. MINISTRY NOW IN PROCESS OF MAKING COMPARATIVE TABULATION OR PROPOSALS FOR SUBMISSION TO CABINET SUB-COMMITTEE. LATTER HEADED BY MINISTER OF NATURAL RESOURCES MOFIZ CHOWDHURY; INCLUDES MINISTER OF INDUSTRIES NAZRUL ISLAM, MINISTER OF FINANCE/JUTE TAJUDDIN AHMED, FOREIGN MINISTER KAMAL HOSSAIN, AND LAW MINISTER MONORANJAN DHAR. SUB-COMMITTEE WILL SELECT COMPANIES FOR LAST-ROUND NEGOTIATIONS AND SUBMIT LIST FOR FINAL APPROVAL TO PRIME MINISTER MUJIBUR RAHMAN.

4. ACCORDING AHMED, SELECTION HOWEVER WILL NOT REPEAT NOT TAKE PLACE UNTIL PETROLEUM LAW AND REGULATIONS FINALIZED. PREVIOUSLY AHMED HAD REPORTED THIS HAD BEEN DONE; NOW HE INDICATED FURTHER WORK REMAINS BEFORE ISSUANCE OF AN ORDINANCE IF PARLIAMENT NOT IN SESSION, OR PRESENTATIONS OF BILL TO PARILAMENT IF IT IS. NEXT SESSION EXPECTED TO BEGIN IN JANUARY, AFTER LOCAL ELECTIONS THROUGH DECEMBER.

5. WORK ON MODEL CONTRACT IN MEANTIME HAS BEEN DELAYED PENDING REFINEMENT PETROLEUM LAW. AHMED DECLINED TO SAY WHEN COPIES OF MODEL CONTRACT MIGHT BE READY FOR DISTRIBUTION TO COMPANIES FOR RE-FORMULATION OF THEIR PROPOSALS WITHIN FRAMEWORK OF MODEL.

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6. ACCORDING TO JAPANESE EMBASSY, JAPANESE PETROLEUM DEVELOPMENT CORP. TEAM HAS FINISHED THEIR INITIAL INVESTIGATION AND WILL PROPOSE A TWO-MONTH SURVEY TO ENLARGE THE DATA BASE UPON WHICH BDG MAY EVALUATE OIL EXPOLRATION PROPOSALS BEFORE IT. JAPANESE MAY ALSO SUBMIT OWN EXPLORATION PROPOSAL. AHMED DENIED JAPANESE REPORT THAT A PROMISING "NATIONAL RESERVE" AREA WILL BE IDENTIFIED AND SET ASIDE FOR BDG'S OWN EXPLORATION EFFORTS.

7. DISRUPTION OF PREVIOUS SCENARIO ON OIL EXPLORATION, WHICH HAD BDG INITIATING FINAL-ROUND NEGOTIATIONS IN OCTOBER AND SELECTED COMPANIES STARTING EXPLORATION BY YEAR-END, HAS BEEN DISCOURAGING TO ALL IMMEDIATELY CONCERNED, ON BDG WORKING LEVEL AS WELL AS APPLICANT COMPANIES. DISRUPTION ATTRIBUTABLE IN PART AT LEAST TO REPORTED POOR PERFORMANCE BY KERAMAT ALI, NEW SECRETARY NATURAL RESOURCES, IN PRESENTING TO CABINET SUB-COMMITTEE THE MINISTRY'S EVALUATION OF PROPOSALS OVER PREVIOUS YEAR AND MINISTRY RECOMMENDATION FOR EARLY FINAL DECISIONS ON PART OF BDG. ACCORDING TO ATLANTIC RICHFIELD SOURCE (NOT TO BE SHARED WITH OTHER COMPANIES), ALI FOCUSED ONLY ON INDONESIAN-TYPE PRODUCTION SHARING CONTRACT. MINISTERS ASKED FOR FULL DESCRIPTION OTHER TYPES AWARDS. ALI COULD NOT RESPOND COGENTLY. MINISTERS INSISTED THAT MIDDLE EASTERN CONCESSION AGREEMENTS BE GATHERED AND PRESENTED TO THEM, WHEN CONCESSIONS OF COURSE FARTHEST FROM BDG MIND\*

8. WE ALSO SUSPECT THAT AS CONSIDERATION OF OIL EXPLORATION PROPOSALS HAS ESCALATED AND AS DEBATE WITHIN GOVT. HAS CONTINUED OVER GENERAL ROLE OF FOREIGN INVESTMENT IN PEOPLES'S REPUBLIC OF BANGLADESH, PLANNING COMMISSION HAS GOTTEN MORE INTO THE ACT AND MAY REPEAT MAY BE RAISING ISSUES LIKE SETTING ASIDE A "NATIONAL RESERVE".

9. IN EMBASSY VIEW, APPLICANT COMPANIES NEED NOT BE TOTALLY DISHEARTENED BY FOREGOING COURSE OF EVENTS. NOT UNIQUE IN BANGLADESH. WE SUSPECT ALSO NOT A TYPICAL OF ANY HIGHLY CENTRALIZED, EVER-POLITICIZED LDC GOVERNMENT CONSIDERATION OF OIL EXPLORATION PROPOSALS WHICH COUNTRY HAS HAD NOT PRIOR EXPERIENCE IN HANDLING. FURTHERMORE, JUST AS PREVIOUSLY DESCRIBED PROGRAMS OF CONSIDERATION EXPLORATION PROPOSALS LIMITED OFFICIAL USE

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HAVE NOT BEEN ADHERED TO BUT HAVE UNDERGONE CHANGE, SO THE FOREGOING SCENERIO MAY IN DUE COURSE BE REVISED.

10. EMBASSY NOT IN POSITION TO JUDGE IN LIGHT OF ABOVE WHETHER CARLSBERG PETROLEUM SHOULD NOT DISPATCH THEIR OPERATIONS MANAGER IN ORDER TO HAVE "MAN ON THE GROUND IN DACCA", REMAINING HERE FOR ANY LENGTH OF TIME. IF HE ARRIVES AND CONTACTS EMBASSY, WE SHALL OF COURSE CONTINUE TO SHARE OUR ANALYSE OF THIS PROTEAN SITUATION.

11. WITHOUT REFERENCE TO COMPANY NAMES, ABOVE MAY BE DRAWN ON TO ANSWER INQUIRIES FROM INTERESTED U.S. COMPANIES.  
NEWBERRY

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## Message Attributes

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**Channel Indicators:** n/a  
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